



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 125-20 – Regulations Governing the Practice of Psychology
Board of Psychology, Department of Health Professions
May 13, 2010

Summary of the Proposed Amendments to Regulation

The Board of psychology proposes 1) to start accepting pre-internship supervised professional experience in lieu of all or part of the post-doctoral residency currently required for licensure by examination, 2) to reduce the required experience in another state from 20 to 10 years for licensure by endorsement, 3) to require malpractice and disciplinary history reports for licensure by endorsement, 4) to extend the prohibition on sexual intimacies with clients from two years to five years, and 5) to clarify several other requirements.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The Board of Psychology proposes to start accepting pre-internship supervised professional experience in lieu of all or part of the post-doctoral residency currently required. Currently, applicants are required to complete 1,500 hours of post-doctoral residency for licensure. According to the Department of Health Professions (DHP), most residents have to pay a supervisor \$50 to \$60 per hour for supervision. The proposed changes will allow applicants to count the hours of their pre-internship experience that meet certain standards in lieu of the hours of post-doctoral experience.

According to DHP, all of the applicants will be able to count at least some of their pre-doctoral experience toward the 1,500 hours required for residency. Thus, the proposed change will reduce the compliance costs for applicants in terms of the number of hours worked without compensation and the fees paid for supervision. It will also allow an applicant to obtain a license and began providing clinical services after completing a doctorate sooner as they will not have to

wait the additional time to complete the 1,500 hours in a residency. According to DHP, the board is confident that the standards for the pre-internship supervised professional experience that can be accepted will ensure that a licensee would be qualified to provide clinical services with safety and competency.

The proposed changes will also reduce the required experience in another state from 20 to 10 years for licensure by endorsement. The number of years of experience in another state is one of the several options an applicant may use to demonstrate competency for licensure by endorsement. According to DHP, it is also possible to assure minimum competency through documentation of having the appropriate degree, passage of the national examination, a license in good standing with practice in another U. S. jurisdiction, and malpractice and disciplinary history as evidence that the applicant has not committed acts that would be cause for discipline in Virginia. Thus, a requirement for lengthy practice in another state is not needed to ensure competency for clients receiving services by an endorsement applicant. This change will make it slightly easier to obtain licensure by endorsement and reduce the costs associated documenting an additional 10 years of experience.

Another proposed change will require submission of current reports form the Healthcare Integrity and Protection Data Bank and the National Practitioner Data Bank from the applicants for licensure by endorsement. These reports will be used to ensure that applicants from other states do not have a significant malpractice and disciplinary history. According to DHP, both reports are produced together at a cost of \$16. Thus, this change will introduce additional costs on the applicants for licensure by endorsement.

The remaining proposed changes will extend the prohibition on sexual intimacies with clients from two years to five years and clarify several other requirements. These changes are not expected to have a significant economic effect, but are expected to improve the professional standards and the clarity of the regulations.

Businesses and Entities Affected

The proposed regulations will affect psychologists wishing to obtain licensure by examination and by endorsement. In 2009, there were approximately 125 people licensed by examination and about 35 people licensed by endorsement.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed change on accepting pre-internship supervised professional experience in lieu of all or part of the post-doctoral residency will allow graduates to start practicing sooner. This is expected to increase the supply of psychologists in Virginia.

On the other hand, the new graduates will no longer need the supervisory services of the experienced professionals reducing the demand for supervisory services.

The proposed changes will also make it slightly easier to obtain licensure by endorsement as the applicants will now be required to document only 10 years of out-of-state experience. This change could have a positive impact on the supply of psychologists as well.

Effects on the Use and Value of Private Property

The counting of the pre-internship supervised professional experience and reducing the out-of-state experience are expected to reduce the compliance costs and contribute to the asset values of the businesses providing these services. On the other hand, the cost of the additional reports malpractice and disciplinary history reports for licensure by endorsement would add slightly to the costs and balance some of the positive impact on the asset values.

Small Businesses: Costs and Other Effects

Since clinical psychologists work in private and public settings it is not known how many small businesses might be affected. However, the effects on the small businesses would be the same effects discussed above.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The only change that may have an additional cost on small businesses is the requirement for malpractice and disciplinary history reports from licensure by endorsement applicants.

Real Estate Development Costs

No significant effect on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.